

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 1914 - HB 1991

February 27, 2022

SUMMARY OF BILL: Expands the mandatory age retirement provision currently imposed on specific law enforcement officers, law enforcement instructors, and wildlife officials, to include commissioned special agents at the Department of Revenue (DOR) and commissioned members of the Department of Environment and Conservation (TDEC).

ESTIMATED FISCAL IMPACT:

Increase State Expenditures – Net Impact – \$11,517,000/FY22-23

Increase Federal Expenditures – \$282,100/FY22-23

Other Fiscal Impact – The total additional lump sum pension liability to the Tennessee Consolidated Retirement System is estimated to be \$12,284,000.

Assumptions:

- This legislation will require such qualified members of the Tennessee Consolidated Retirement System (TCRS) to receive a supplemental bridge allowance.
- Qualified members of the TCRS who retire on a regular service retirement allowance are entitled to a supplemental benefit equal to .75 percent of member's average final compensation multiplied by the number of years of creditable service the qualified member has.
- Retirement benefit funding is fully the responsibility of the state for commissioned members of the TDEC.
- Retirement benefit funding for DOR commissioned special agents is funded 75 percent with state funds and 25 percent with federal funds.
- Based on information provided by the Tennessee Consolidated Retirement System (TCRS), there are an estimated 22, active or assumed to be retired, qualified commissioned special agents at the DOR participating in the Legacy Retirement Plan, with the average qualified individual entitled to an additional \$43,789 in retirement benefits, totaling \$963,358 (\$43,789 x 22).
- Based on information provided by TCRS, there are an estimated 9, active or assumed to be retired, qualified commissioned special agents at the DOR participating in the Hybrid Retirement Plan, with the average qualified individual entitled to an additional \$18,329 in retirement benefits, totaling \$164,961 (\$18,329 x 9).

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- Based on information provided by TCRS, there are an estimated 177, active or assumed to be retired, qualified commissioned members at the TDEC participating in the Legacy Retirement Plan, with the average qualified individual entitled to an additional \$41,917 in retirement benefits, totaling \$7,419,309 ($\$41,917 \times 177$).
- Based on information provided by TCRS, there are an estimated 83, active or assumed to be retired, qualified commissioned members at the TDEC participating in the Hybrid Retirement Plan, with the average qualified individual entitled to an additional \$45,017 in retirement benefits, totaling \$3,736,411 ($\$45,017 \times 83$).
- The total increase in liability from including commissioned special agents at DOR is estimated to be \$1,128,319 ($\$963,358 + \$164,961$).
- The total increase in liability from including commissioned members of TDEC is \$11,155,720 ($\$7,419,309 + \$3,736,411$).
- The one-time increase in state expenditures in FY22-23 for commissioned special agents at DOR is estimated to be \$846,239 ($\$1,128,319 \times 75\%$).
- The total one-time increase in federal expenditures in FY22-23 for commissioned special agents at DOR is estimated to be \$282,080 ($\$1,128,319 \times 25\%$).
- The one-time increase in state expenditures in FY22-23 for commissioned members of TDEC is \$11,155,720.
- The combined one-time increase in state expenditures in FY22-23 as a result of the proposed legislation is \$12,001,959 ($\$11,155,720 + \$846,239$).
- Pursuant to Tenn. Code Ann. § 8-36-205, the mandatory retirement age for such employees is 60 years of age.
- Any impact resulting from a change in the retirement timing and replacement of DOR agents is considered not significant.
- Based on information provided by TDEC, there are currently 14 commissioned officers over the age of 60. All of these officers will be forced to retire upon passage of this legislation.
- TDEC will replace retiring commissioned officers with entry-level positions.
- The median monthly salary and benefits for a Park Ranger III position is estimated to be \$6,526.
- The median monthly salary for an entry-level Park Ranger I position is estimated to be \$5,205.
- The recurring decrease in state expenditures resulting from the mandatory retirement of the seven park rangers and the employment of seven new entry-level park rangers is estimated to be \$221,928 [$(\$6,526 \text{ monthly} \times 12 \text{ months} \times 14 \text{ park rangers}) - (\$5,205 \times 12 \text{ months} \times 20 \text{ park rangers})$].
- The net recurring increase in state expenditures resulting from the proposed legislation \$11,516,991 ($\$12,001,959 - \$221,928$).
- Additional recurring impacts may occur as employees are required to retire earlier than they otherwise would have. Any additional impacts are considered not significant.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The script is cursive and fluid.

Krista Lee Carsner, Executive Director

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